

[REDACTED]  
[REDACTED]  
[REDACTED]  
JUN 20 1997

Employer Identification Number: [REDACTED]  
Key District: [REDACTED]  
Form: [REDACTED]  
Tax Years: [REDACTED] & Subsequent

Dear Applicant:

This letter constitutes a final adverse ruling with respect to your claim of exemption from federal income taxation under section 501(c)(3) of the Internal Revenue Code.

We make our ruling for the following reason(s):  
You have failed to establish that you will be operated exclusively for exempt purposes as required by section 501(c)(3) of the Code. Furthermore, you have failed to establish that your net earnings will not inure to the benefit of private individuals or that you will not serve private interests.

Donors may not deduct contributions to your organization under section 170 of the Code.

The Code and the regulations issued thereunder require that you file federal income tax returns. Based upon the financial information that you furnished, you should file returns on the form and for the tax years indicated above within 30 days from the date of this letter with your key District Director for exempt organization matters, shown above, unless you request and your key District Director grants an extension of time to file the returns. You should file returns for later tax years with the appropriate service center indicated in the instructions for those returns.

If you decide to contest this ruling under the declaratory judgment provisions of section 7428 of the Code, you must initiate a suit in the United States Tax Court, the United States Court of Federal Claims, or the District Court of the United States for the District of Columbia before the 91st day after the date that we mailed this ruling to you. Contact the clerk of the appropriate court for rules for initiating suits for declaratory judgment. The filing of a declaratory judgment suit under

[REDACTED]

section 7428 does not stay the processing of income tax returns and assessment of any taxes.

In accordance with section 6104(c) of the Code, we will notify the appropriate State officials of this action.

If you have any questions concerning the reasons for this ruling, please contact the person whose name and telephone number appear in the heading of this letter. You should address questions concerning the filing of returns to your key District Director.

Sincerely,

[REDACTED]

[REDACTED]  
Director, Exempt Organizations  
Division

cc: [REDACTED]

[REDACTED] [REDACTED] [REDACTED]  
5/14/97 6/11/97

~~No protest Rec'd~~

~~Release to DD~~

~~10/10/96~~

AUG 16 1996

Employer Identification Number: [REDACTED]  
Key District: [REDACTED]

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). Based on the information submitted, we have concluded that you do not qualify for exemption under that section. The basis for our conclusion is set forth below.

Your purposes, as stated in your Articles of Incorporation, are "to eliminate discrimination and prejudice; to promote equality of rights among citizens; to advance the interest of caucasian citizens; to increase their opportunities for securing equal justice in the courts; equal education and employment for them and their children according to their ability; to defend human and civil rights secured by law; and to conduct other related activities."

Your Bylaws provide that "[T]he affairs of the corporation shall be managed by its board of directors." They also provide that Director number one, your creator, has a term of fifty years while directors number two and three have five and one year terms respectively. The board is self-perpetuating. Director two is a family member of your creator. Your creator and his family control your activities by being the majority of the board. They also control the election of your officers because the board appoints the officers. The majority of the officers are also your creator and family.

You have been unable or unwilling to describe all of your activities and/or proposed activities in sufficient detail that we could determine what your activities will be, how you will conduct them, and what portion of your operations each activity will constitute. What you have provided, however, indicates that the person who created you exerts a great degree of control over you; operations and activities and will continue to do so for a period of fifty years.

[REDACTED]  
[REDACTED]  
The items not adequately responded to in our letters of [REDACTED] and [REDACTED] [REDACTED], and of [REDACTED], are repeated below.

1. Copies of application forms. (for acquiring membership in your organization)

2. A statement as to whether you have increased the size of your board of directors. Please list all officers and directors and their relationships, both business and family, to each other.

3. A description, in detail, of the qualifications and/or experience of your officers whom you state will be helping citizens represent themselves in the court system. Please also describe the criteria you will use in selecting individuals to be helped, the types of cases/issues involved, the type and extent of your assistance, etc.

4. An explanation, in detail, of how you will use the court system to enforce the Constitution and influence "the government, and regulatory and legislative governing bodies". Include such items as which government (or governments), regulatory and legislative bodies; why influencing government and/or legislative bodies would not constitute prohibited legislative activity; issues to be considered; hoped for results; etc.

5. A detailed description of your educational program and the manner in which you will promote it.

6. A detailed description of each of your activities, not already described in response to the above, and the manner in which it is, or will be, conducted. Include such items as who is involved and their qualifications, who benefits, criteria used to select beneficiaries, where conducted, percent of money and time involved (including those activities described above), purpose to be accomplished, fees or payments required, etc. Include a similar description for any activities you propose to undertake in the near future.

7. An organizational chart as you envision yourself and the various related subordinate organizations you propose (such as the organized city groups) and such other information concerning each as officers and directors, activities/purposes and how conducted, where located, degree of control and/or direction by you, etc.

Section 501(a) of the Code, in part, provides for the exemption from federal income tax for organizations described in section 501(c).

[REDACTED]

Section 501(c)(3) of the Code, in part, provides for the exemption of organizations which are both organized and operated exclusively for charitable purposes as long as, among other conditions, no part of the net earnings inure to the benefit of any private individual or shareholder.

Section 1.501(c)(3)-1(a) of the Income Tax Regulations states, in part, that if an organization fails to meet either the organizational test or the operational test, it is not exempt.

Section 1.501(c)(3)-1(b)(1) of the regulations states, in part, that an organization is not organized exclusively for exempt purposes unless its activities are limited to one or more exempt purposes.

Section 1.501(c)(3)-1(b)(1)(v) of the regulations states that an organization must, in order to establish its exemption, submit a detailed statement of its proposed activities with and as a part of its application for exemption.

Section 1.501(c)(3)-1(c)(1) of the regulations, in part, states that an organization will not be operated exclusively for exempt purposes if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Section 1.501(c)(3)-1(c)(2) of the regulations states, in part, that an organization is not operated exclusively for exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals.

Section 1.501(a)-1(c) of the regulations states, in part, that the words private shareholder or individual refer to persons having a personal and private interest in the activities of the organization.

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations, in part, states that an organization is not organized or operated for exempt purposes unless it serves a public rather than a private interest. To meet this requirement it is necessary that the organization establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, or shareholders of the organization.

In Better Business Bureau of Washington D.C. v. United States, 326 U.S. 279 (1945), it was held that a single non-exempt purpose, if substantial in nature, would preclude exemption under section 501(c)(3) of the Code regardless of the number or importance of truly exempt purposes.

[REDACTED]

Rev. Proc. 90-27, 1990-1 C.B. 514, Section 5.01, provides that a ruling or determination letter will not be issued unless the application and supporting documents establish that the organization meets the particular requirements of the section under which exemption is claimed and that any facts as represented or alleged in the application, or added through subsequent submissions, must be written and submitted over the signature of an authorized individual.

Section 5.02 of Revenue Procedure 90-27, 1990-1 C.B. 514, provides that exempt status will be recognized in advance of operations only if the proposed operations can be described in sufficient detail to permit a conclusion that the organization will clearly meet the particular requirements of the section under which exemption is claimed. Where the organization cannot demonstrate to the satisfaction of the Service that its proposed activities will be exempt, a ruling recognizing exemption will not be issued.

As you have not fully described your activities and proposed activities, section 1.501(c)(3)-1(b)(1)(v) of the regulations and section 5.02 of Revenue Procedure 90-27, would operate to preclude recognition of exemption. In addition, the control given to your creator, and the close family control, indicate that you were created and will be operated to further your creator's interests, and possibly those of his family. The fifty year term as a director effectively makes him a director for life. Because the board controls your operations, is self-perpetuating, and the family constitutes the majority of the board, the family can maintain control as long as it wishes. The operation to further the interests of your creator, and/or his family, would appear to be the provision of private benefit, and your operation for private benefit would constitute the inurement of your net earnings to private individuals, which is proscribed in section 1.501(c)(3)-1(c)(2) of the regulations and would preclude recognition of exemption. Therefore, as it appears you were created and are operated to further the private interests of your creator, the presence of these apparent nonexempt purposes and activities, under the rationale of Better Business Bureau (supra) and section 1.501(c)(3)-1(c)(1) of the regulations, would also operate to preclude recognition of exemption under section 501(c)(3). Thus you appear to be neither organized nor operated exclusively for section 501(c)(3) purposes.

Accordingly, you do not qualify for exemption as an organization described in section 501(c)(3) of the Code and you must file federal income tax returns.

[REDACTED]

Contributions to you are not deductible under section 170 of the Code.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement, signed by one of your officers, must be submitted within 30 days from the date of this letter. You also have a right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements.

If you do not protest this ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that a declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the United States Court of Federal Claims, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service.

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your key district office. Thereafter, any questions about your federal income tax status should be addressed to that office. The appropriate State Officials will be notified of this action in accordance with Code section 6104(c).

When sending additional letters to us with respect to this case, you will expedite their receipt by using the following address:

Internal Revenue Service  
Attn: [REDACTED]  
1111 Constitution Ave, N.W.  
Washington, D.C. 20224

[REDACTED]  
[REDACTED]

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

(signed) [REDACTED]

[REDACTED]  
Chief, Exempt Organizations  
Technical Branch 5

cc: District Director  
Midstates Key District Office (EP/EO)  
Information Copy: Chief, EP/EO Division

cc: State Officials

[REDACTED] [REDACTED]